



State of Utah  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

Michael O. Leavitt  
Governor

Lowell P. Braxton  
Division Director

FACSIMILE COVER SHEET

DATE: March 3, 2000

NUMBER OF PAGES INCLUDING THIS COVER SHEET: 2

TO:

John Hinge  
Auditor - KPMG  
777 Dunsmuir St PO Box 10426  
Vancouver, BC V7Y 1K3

FAX NUMBER: 1-604-691-3031

FROM:

D. Wayne Hedberg, Permit Supervisor

Minerals Reclamation and Development Program

PHONE: (801) 538-5291

FAX: (801) 359-3940

SUBJECT:

Bonds held by DOGM on behalf of  
Stemstone Mining - as of 12/31/99.

REMARKS:

Should you encounter any problems with this copy, or do not receive all the pages, please call

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TRANSACTION REPORT

P. 01

MAR-06-2000 MON 08:28 AM

FOR: OIL, GAS & MINING

801 359 3940

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TO:

John Hinge  
Auditor - KPMG  
777 Vancouver St PO Box 10426  
Vancouver, BC V7Y 1K3

FAX NUMBER: 1-604-691-3031

FROM:

D. Wayne Hedberg, Permit Supervisor

Minerals Reclamation and Development Program

*m/001/045*

*Wayne Hebbey***GEMSTONE MINING INC.**

PO BOX 3413, Cedar City UT 84721-3413

Telephone: (435) 867-0318 Fax: (435) 867-0321

**VIA FACSIMILE: (801) 359-3970**

February 10, 2000

State of Utah  
Department of Natural Resources  
Division of Oil, Gas and Mining  
1594 West North Temple, Suite 1210  
Box 145801  
Salt Lake City, UT 84114-5801

**Attention: Mr. Lowell P. Braxton, Director**

Dear Sirs:

In connection with the audit of the consolidated financial statements of Red Emerald Resource Corp. (formerly Neary Resources Corporation), which include the accounts of Gemstone Mining, Inc. as of December 31, 1999, and for the year then ended, we have advised our independent auditors of the attached information which we believe is a complete and accurate description of our bonds with your institution as of the close of business on December 31, 1999. Although we do not request nor expect you to conduct a comprehensive, detailed search of your records, if during the process of completing this confirmation, additional information about other bonds with your institution comes to your attention, please include such information below.

Please confirm whether the information about bonds presented is correct by signing below and 1) faxing a copy to our independent auditors at (604) 691-3031, Attention: John Hinze; and 2) returning this letter directly to our independent auditors, KPMG, 777 Dunsmuir Street, P.O. Box 10426, Vancouver, BC, V7Y, 1K3; and a copy to the attention of the undersigned.

Yours truly,  
GEMSTONE MINING, INC.



Scott H. Wilkinson  
Vice President Finance & Administration

*Wayne : please respond directly  
The  
Signed 2-10-00*

*m/001/045  
E/001/107  
E/001/097*

State of Utah  
January 26, 2000  
Page 2

Dear KPMG, Chartered Accountants:

The Attached information regarding bonds with this institution agrees with the records of this institution.\* Although we have not conducted a comprehensive, detailed search of our records, no information about other indebtedness came to our attention. (Note exceptions below or in an attached letter.)

\$18,200 Reclamation Surety Ruby Violet Exploration Site

\$37,500 Interim Surety Bond

\$73,700 Reclamation Surety Ruby Violet Processing Plant

D. Wayne Hedberg

3/3/00

Officer and Title

Date

Permit Supervisor

\*In making its reply, the institution may add the following if applicable: This confirmation does not relate to arrangements, if any, with other branches or affiliates of this institution. Information should be sought separately from such branches or affiliates with which any such arrangements might exist.

cc: John Hinz (KPMG)

P.S. We have since released the \$18,200 and \$37,500 surety bonds<sup>4/2000</sup>. These have been replaced with a \$200,200 bond. We still hold the \$73,700 bond.